

2013 -- H 5307

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO TAXATION -- ESTATE TAX

Introduced By: Representatives Morgan, Chippendale, Giarrusso, Costa, and Newberry

Date Introduced: February 07, 2013

Referred To: House Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 44-22-1 of the General Laws in Chapter 44-22 entitled "Estate and  
2   Transfer Taxes - Liability and Computation" is hereby amended to read as follows:  
3           **44-22-1. Tax on net estate of decedents -- Additional tax on postponed enjoyment --**  
4   **Deductions -- Marital deduction.** -- (a) A tax is imposed upon the transfer of the net estate of  
5   every resident or nonresident decedent as a tax upon the right to transfer. The tax is imposed at  
6   the rate of two percent (2%) upon all amounts not in excess of twenty-five thousand dollars  
7   (\$25,000); at the rate of three percent (3%) upon all amounts in excess of twenty-five thousand  
8   dollars (\$25,000) and not exceeding fifty thousand dollars (\$50,000); at the rate of four percent  
9   (4%) upon all amounts in excess of fifty thousand dollars (\$50,000) and not exceeding one  
10   hundred thousand dollars (\$100,000); at the rate of five percent (5%) upon all amounts in excess  
11   of one hundred thousand dollars (\$100,000) and not exceeding two hundred fifty thousand dollars  
12   (\$250,000); at the rate of six percent (6%) upon all amounts in excess of two hundred fifty  
13   thousand dollars (\$250,000) and not exceeding five hundred thousand dollars (\$500,000); at the  
14   rate of seven percent (7%) upon all amounts in excess of five hundred thousand dollars  
15   (\$500,000) and not exceeding seven hundred fifty thousand dollars (\$750,000); at the rate of eight  
16   percent (8%) upon all amounts in excess of seven hundred fifty thousand dollars (\$750,000) and  
17   not exceeding one million dollars (\$1,000,000); at the rate of nine percent (9%) upon all amounts  
18   in excess of one million dollars (\$1,000,000). An additional tax is imposed at the rate of two  
19   percent (2%) upon all or any part of each estate devised, bequeathed, or conveyed in such manner

1 that it becomes necessary to postpone the assessment of taxes imposed by this chapter until the  
2 person entitled to the estate comes into beneficial enjoyment or possession of the estate; and  
3 provided, further, that an additional tax is not assessed and collected, as provided in sections 44-  
4 23-9 -- 44-23-12, in case a settlement of taxes is effected under the provisions of section 44-23-  
5 25.

6 (b) In computing the value of the net estate in subsection (a) of this section, there is  
7 deducted from the estate and exempted from the tax twenty-five thousand dollars (\$25,000).

8 (c) In computing the value of the net estate in subsection (a) of this section, there is  
9 deducted from the estate and exempted from the tax all property or interests transferred to any  
10 corporation, association, or institution located in Rhode Island which is exempt from taxation by  
11 charter or under the laws of this state; or to any corporation, association, or institution located  
12 outside of this state, which if located within this state, would be exempt from taxation; provided,  
13 that the state of domicile of the corporation, association, or institution allows a reciprocal  
14 exemption to any similar Rhode Island corporation, association, or institution; or to any person in  
15 trust for the same or for use by the same for charitable purposes; or to any city or town in this  
16 state for public purposes.

17 (d) In computing the value of the net estate in subsection (a) of this section, there is  
18 deducted from the estate and exempted from the tax United States civil and federal military  
19 service annuity payments.

20 (e) In computing the value of the net estate in subsection (a) of this section, there is  
21 deducted from the estate and exempted from the estate tax a marital deduction, as defined in 26  
22 U.S.C. section 2056, in the amount of one hundred seventy-five thousand dollars (\$175,000),  
23 from property or beneficial interests which pass or have passed from the decedent to the surviving  
24 spouse, but only to the extent that the interests are included in determining the value of the gross  
25 estate.

26 (f) (1) In computing the value of the net estate in subsection (a) of this section, there is  
27 deducted from the estate and exempted from the estate tax, an orphan's deduction, provided, that:  
28 (i) the decedent does not have a surviving spouse, and (ii) the decedent is survived by a minor  
29 child who, immediately after the death of the decedent, has no known parent, an amount equal to  
30 the value of any interest in property which passes or has passed from the decedent to the child,  
31 but only to the extent that the interest is included in determining the value of the gross estate. The  
32 aggregate amount of the deductions allowed under this section (computed without regard to this  
33 subsection) with respect to interests in property passing to any minor child shall not exceed an  
34 amount equal to five thousand dollars (\$5,000) multiplied by the excess of twenty-one (21) over

1 the age (in years) which the child has attained on the date of the decedent's death.

2 (2) For purposes of this subsection, any term used in the subsection has the same  
3 meaning as when used in a comparable context in 26 U.S.C. section 2057 unless a different  
4 meaning is clearly required.

5 (3) In computing the value of the net estate in subsection (a) of this section, the full and  
6 fair cash value of a decedent's estate shall not include real estate used for farming for at least the  
7 next ten (10) years, that farm land excluded from the value of the decedent's estate, may only be  
8 used for farming. Should the land cease to be used for farming, then the state shall have the  
9 authority to enforce this farming restriction in superior court.

10 (g) Notwithstanding any other provisions of this chapter, the total estate tax payment on  
11 account of the estate of a decedent whose death occurs on or after January 1, 1986, is that  
12 percentage of the estate tax which would be payable under this chapter determined in accordance  
13 with the following schedule:

14 (1) Death prior to January 1, 1987. - Ninety percent (90%) in the case of decedents  
15 whose deaths occur on or after January 1, 1986, and prior to January 1, 1987;

16 (2) Death prior to January 1, 1988. - Eighty percent (80%) in the case of decedents  
17 whose deaths occur on or after January 1, 1987, and prior to January 1, 1988;

18 (3) Death prior to January 1, 1989. - Sixty percent (60%) in the case of decedents whose  
19 deaths occur on or after January 1, 1988, and prior to January 1, 1989;

20 (4) Death prior to January 1, 1990. - Forty percent (40%) in the case of decedents whose  
21 deaths occur on or after January 1, 1989, and prior to January 1, 1990;

22 (5) Death prior to June 1, 1990. - Twenty percent (20%) in the case of decedents whose  
23 deaths occur on or after January 1, 1990, and prior to June 1, 1990;

24 (6) Death prior to January 1, 1992. - Forty percent (40%) in the case of decedents whose  
25 deaths occur on or after June 1, 1990, and prior to January 1, 1992.

26 (7) Death on or after January 1, 1992. - The estate tax payable on or account of the estate  
27 of a decedent whose death occurs on or after January 1, 1992, is determined in accordance with  
28 section 44-22-1.1.

29 (h) The estate tax payable under this section shall in no event be less than the estate tax  
30 due under section 44-22-1.1, computed without regard to the date of death.

31 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TAXATION -- ESTATE TAX

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1           This act would exclude land used for farming in a decedent's estate for purposes of  
2 inheritance taxes.

3           This act would take effect upon passage.

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